

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 7510**

**BILL NUMBER:** SB 401

**NOTE PREPARED:** Jan 7, 2007

**BILL AMENDED:**

**SUBJECT:** Compensation of State Officers and Legislators.

**FIRST AUTHOR:** Sen. Dillon

**BILL STATUS:** As Introduced

**FIRST SPONSOR:**

**FUNDS AFFECTED:** X **GENERAL**  
**DEDICATED**  
**FEDERAL**

**IMPACT:** State

**Summary of Legislation:** *Public Officers Compensation Advisory Commission:* This bill requires the Public Officers Compensation Advisory Commission to make recommendations regarding all elements of compensation paid or provided to a public officer. (Under current law, the Commission is limited to making recommendations regarding the salaries of public officers.) The bill requires the Commission to recommend a compensation plan that enables an individual who is a public officer to select compensation elements to meet the individual's own circumstances while ensuring that individuals who hold the same public office receive compensation of equal value.

*Public Officer Salary Adjustments:* This bill also provides for salary adjustments for legislators and the state elected officials for periods during which the General Assembly does not enact an increase. The bill appropriates from the state General Fund amounts sufficient to fund any salary increases.

**Effective Date:** July 1, 2007.

**Explanation of State Expenditures:** *Public Officers Compensation Advisory Commission:* The provisions in the bill relating to the duties of the Commission will have no fiscal impact. The Commission is required to operate under the rules of the Legislative Council. Therefore, although the Commission's duties would be expanded by this bill, the Commission's budget would still be established by the Legislative Council. In LCR 06-02 (2006 interim) the Council budgeted \$9,000 for each committee or commission with less than 16 members (the Public Officers Compensation Advisory Commission has 9 members).

*Public Officer Salary Adjustments:* The salary adjustments for legislators and state elected officials could increase state expenditures ranging from \$30,000 to \$150,000 per year beginning in FY 2009. This estimate

assumes that the average increase in state employee salaries will fall between 1% and 5% each year. This estimate also includes the increase in fringe benefits paid for by the state based on a percentage of each employee's salary. These fringe benefit items include contributions by the state for retirement benefits, life insurance, disability insurance, and social security. The bill requires that money be appropriated from the state General Fund to fund any of these salary increases.

The bill provides that after January 1, 2009, salary adjustments be made each year for the legislature and state elected officials equal to the statewide average increase in state employee salaries, if there was no statutory adjustment by the General Assembly in the previous year. Between FY 2001 and 2006, salary adjustments for state employees in the executive branch ranged from no salary increase in 2002 to an increase of 4% in 2001. Therefore, the exact amount of the increased expenditures will ultimately depend upon actions of the General Assembly and/or the statewide average increase in state employee salaries granted by the executive branch. It must also be noted that the increase in state expenditures will compound each year because future increases will be applied to a salary that was most likely increased in the prior year.

The current salaries for public officer's listed in the bill are as follows.

OFFICER	SALARY
Governor	\$95,000
Lieutenant Governor	\$76,000
Secretary of State	\$66,000
Auditor	\$66,000
Treasurer	\$66,000
Attorney General	\$79,400
Superintendent	\$79,400
General Assembly	\$11,600

**Explanation of State Revenues:** *Public Officer Salary Adjustments:* Beginning in FY 2009, there could be a slight increase in state individual Adjusted Gross Income Tax collections as a result of the possible increase in salaries for legislators and state elected officials.

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:** See *Explanation of State Revenues*.

**State Agencies Affected:** General Assembly; Governor; Lieutenant Governor; Secretary of State; Superintendent of Public Instruction; Auditor; Treasurer; Attorney General.

**Local Agencies Affected:**

**Information Sources:**

**Fiscal Analyst:** Adam Brown, 317-232-9854.